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John P. O'Banion
O'BANION & RITCHEY LLP
400 Capitol Mall, Suite 1550
Sacramento, CA 95814

EXAMINER
GREIMEL, JOCELYN

ART UNIT	PAPER NUMBER
3693	

SHORTENED STATUTORY PERIOD OF RESPONSE	MAIL DATE	DELIVERY MODE
3 MONTHS	01/05/2007	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

PTOL-90A (Rev. 10/06)

	Application No.	Applicant(s)
Office Action Summary	09/839,745	HORGAN, MICHAEL J.
	Examiner	Art Unit	
	Jocelyn Greimel	3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.
- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☐ Responsive to communication(s) filed on <u>16 October 2006</u>.

2a)☐ This action is **FINAL.** 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) <u>2-54</u> is/are pending in the application.

    4a) Of the above claim(s) <u>1, 10-20,22 and 33-43</u> is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) <u>2-54</u> is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All b)☐ Some * c)☐ None of:

      1.☐ Certified copies of the priority documents have been received.

      2.☐ Certified copies of the priority documents have been received in Application No. _____.

      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)

2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3) ☐ Information Disclosure Statement(s) (PTO/SB/08)
    Paper No(s)/Mail Date _____.

4) ☐ Interview Summary (PTO-413)
    Paper No(s)/Mail Date. _____.

5) ☐ Notice of Informal Patent Application

6) ☐ Other: _____.

DETAILED ACTION

1.   This non-final office action is in response to the communication filed by Applicant

on October 16, 2006. Claims 1, 10-20, 22 and 33-43 have been cancelled. Claims 2-3,

5, 9, 21, 23-27, 29 and 31-32 have been amended. Claims 4, 6-8, 28 and 30 are

original claims. Claims 44-54 are new claims. Claims 1, 21 and 23 are independent

claims.

Response to Amendment

2.   Applicant's argument regarding:

> (1)   "Applicant's system and method is configured around a trust
>
> account mechanism" where "the monetary value of the payment
>
> card remains an equitable asset of the cardholder" and there is
>
> "assurance that the merchant will be paid in response to completing
>
> a transaction"

of claims 1, 21 and 23 have been considered but are moot in light of the new grounds of

rejection.

Claim Rejections - 35 USC § 103

3.   The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed
> or described as set forth in section 102 of this title, if the differences between the

account which is accessible by the trustee and responsive to a monetary remittance from the cardholder (col. 2, lines 47-67 – col. 3, line 1).

7.   However, Levine does not disclose: an "account which is accessible by the trustee and responsive to a monetary remittance from the cardholder", where the payments configured around a trust account mechanism. Canney discloses a method and system for making payments via a debit card and these payments are configured around a trust account:

   a.   the trust account configured with an associated repository of capital sufficient to disburse funds by said trustee equivalent to the cumulative balances within the associated virtual accounts;

   b.   immediately transferring any portion of a balance from the virtual account of the user, as the trustee releases a level of funds from the trust account in response to user directive, to render payment for executing the payment transaction without creating a chargeback liability (col. 3, line 39 – col. 5, line 35). It would have been obvious to one of ordinary skill in the art at the time of the Applicant's invention to modify the payment system of Levine with the trust configuration of Canney because it would have been another financial instrument to create the payment system around. Levine shows various financial instruments such as a checking account, savings account or ATM set-up. Using an additional financial instrument would have opened up the system to new users that would want to make payments from a financial instrument such as a trust account.

subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

4.   The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

5.   Claims 2-7, 23-24 and 27-29 are rejected under 35 U.S.C. 103 as being obvious over Levine et al (US Patent No. 5,477,038, hereinafter Levine) in view of Canney (US Patent No. 6,581,041 B1).

6.   In reference to claims 2, 23 and 24, Levine discloses a method, system and means for facilitating payment transactions between a user and a merchant, comprising generating a virtual account at a financial or other institution on behalf of a user (col. 2, lines 6-46), and making said virtual account accessible by presentation of a virtual account payment card where the means for generating the virtual account comprises establishing a database having a database record for the virtual account within an

8.   In reference to claims 3, 4 and 27, Levine discloses a method and system for facilitating payment transactions including issuing and activating a virtual account payment card; establishing a virtual account when the virtual account payment card is issued and activated (col. 2, lines 6-58); and a virtual account number is printed or embossed on said virtual account payment card (col. 2, lines 47-58).

9.   However, Levine does not disclose: an "account which is accessible by the trustee and responsive to a monetary remittance from the cardholder", where the payments configured around a trust account mechanism. Canney discloses a method and system for making payments via a debit card and these payments are configured around a trust account:

        c.   the trust account configured with an associated repository of capital sufficient to disburse funds by said trustee equivalent to the cumulative balances within the associated virtual accounts;

        d.   immediately transferring any portion of a balance from the virtual account of the user, as the trustee releases a level of funds from the trust account in response to user directive, to render payment for executing the payment transaction without creating a chargeback liability (col. 3, line 39 – col. 5, line 35). It would have been obvious to one of ordinary skill in the art at the time of the Applicant's invention to modify the payment system of Levine with the trust configuration of Canney because it would have been another financial instrument to create the

payment system around. Levine shows various financial instruments such as a checking account, savings account or ATM set-up. Using an additional financial instrument would have opened up the system to new users that would want to make payments from a financial instrument such as a trust account.

10.   In reference to claims 5-7 and 29, Levine discloses a method and system for facilitating payment transactions between a user and a merchant wherein: said virtual account can be depleted through one or more transactions for which the virtual account payment card is used as the means of payment when the card is tendered to a merchant (col. 2, lines 6-46); wherein said virtual account can be depleted through one or more transfers for which the virtual account payment card is utilized as a source of funds to facilitate a funds transfer to another virtual account (col. 2, lines 6-46); and wherein redeeming said virtual account by the cardholder results in remuneration of the cardholder with a monetary value equivalent to a virtual account balance (col. 2, lines 6-46).

11.   However, Levine does not disclose: an "account which is accessible by the trustee and responsive to a monetary remittance from the cardholder", where the payments configured around a trust account mechanism. Canney discloses a method and system for making payments via a debit card and these payments are configured around a trust account:

e.   the trust account configured with an associated repository of capital sufficient to disburse funds by said trustee equivalent to the cumulative balances within the associated virtual accounts;

f.   immediately transferring any portion of a balance from the virtual account of the user, as the trustee releases a level of funds from the trust account in response to user directive, to render payment for executing the payment transaction without creating a chargeback liability (col. 3, line 39 – col. 5, line 35). It would have been obvious to one of ordinary skill in the art at the time of the Applicant's invention to modify the payment system of Levine with the trust configuration of Canney because it would have been another financial instrument to create the payment system around.   Levine shows various financial instruments such as a checking account, savings account or ATM set-up.   Using an additional financial instrument would have opened up the system to new users that would want to make payments from a financial instrument such as a trust account.

12.   In reference to claim 28, Levine discloses a system comprising at least one security feature selected from the group of security features consisting of cardholder signature, holographic indicia, cardholder photo, personal identification number and biometric characterization data (col. 2, lines 6-21).

13.   However, Levine does not disclose: an "account which is accessible by the trustee and responsive to a monetary remittance from the cardholder", where the

payments configured around a trust account mechanism. Canney discloses a method
and system for making payments via a debit card and these payments are configured
around a trust account:

> g.   the trust account configured with an associated repository of capital
> sufficient to disburse funds by said trustee equivalent to the cumulative balances
> within the associated virtual accounts;
>
> h.   immediately transferring any portion of a balance from the virtual account
> of the user, as the trustee releases a level of funds from the trust account in
> response to user directive, to render payment for executing the payment
> transaction without creating a chargeback liability (col. 3, line 39 – col. 5, line 35).

It would have been obvious to one of ordinary skill in the art at the time of the
Applicant's invention to modify the payment system of Levine with the trust configuration
of Canney because it would have been another financial instrument to create the
payment system around. Levine shows various financial instruments such as a
checking account, savings account or ATM set-up. Using an additional financial
instrument would have opened up the system to new users that would want to make
payments from a financial instrument such as a trust account.

**14.   Claims 8-10, 21, 25-26, 30-32 and 44-54 are rejected under 35 U.S.C. 103(a)
as being unpatentable over Levine in view of Canney, and further in view of
Kolling et al (US Patent No. 5,920,847, hereinafter Kolling).**

15.   In reference to claims 21 and 25, Levine discloses a method and system for performing monetary transactions with a virtual account payment card comprising: manufacturing a virtual account payment card containing a virtual account number printed or embossed on the card, and encoded magnetically within a magnetic stripe on the virtual account payment card (col. 2, lines 6-61); generating a virtual account corresponding to the virtual account payment card, said virtual account maintained as a record within the database for a trust account, said virtual account record containing a balance field indicative of the portion of funds within the trust account which may be paid out from the trust account in response to a transaction with the virtual account payment card (col. 2, lines 47-67; col. 3, line 1); process the virtual account payment card for a transaction in the same or similar manner as that used for other payment cards (col.2, lines 40-46); wherein the database is configured to retain a history of transactions executing in relation to the associated virtual account (col. 5, lines 8-19).

16.   However, Levine does not disclose: an "account which is accessible by the trustee and responsive to a monetary remittance from the cardholder", where the payments configured around a trust account mechanism. Canney discloses a method and system for making payments via a debit card and these payments are configured around a trust account:

i.   the trust account configured with an associated repository of capital sufficient to disburse funds by said trustee equivalent to the cumulative balances within the associated virtual accounts;

j.   immediately transferring any portion of a balance from the virtual account

of the user, as the trustee releases a level of funds from the trust account in

response to user directive, to render payment for executing the payment

transaction without creating a chargeback liability (col. 3, line 39 – col. 5, line 35).

It would have been obvious to one of ordinary skill in the art at the time of the

Applicant's invention to modify the payment system of Levine with the trust configuration

of Canney because it would have been another financial instrument to create. the

payment system around.   Levine shows various financial instruments such as a

checking account, savings account or ATM set-up.   Using an additional financial

instrument would have opened up the system to new users that would want to make

payments from a financial instrument such as a trust account.

17.   In reference to claims 21 and 25, Levine and Canney do not disclose settling the

transaction from said trust account on behalf of the cardholder and decrementing the

existing balance of the virtual account in response to payments made with the card, and

incrementing the existing virtual account balance in response to transfers made to the

virtual account payment card.   However, Kolling discloses settling the transaction from

said trust account on behalf of the cardholder and decrementing the existing balance of

the virtual account in response to payments made with the card, and incrementing the

existing virtual account balance in response to transfers made to the virtual account

payment card (col. 30, lines 30-49).   It would have been obvious at the time of the

invention to one of ordinary skill in the art to combine the method for performing

monetary transactions with a virtual account of Levine with the transfer ability of Kolling. The motivation would be to give the card user the ability to return items to the store and credit the card for the items and easily track the balance of the card.

18.   In reference to claims 8-10, 26 and 30-32, Levine discloses a method and system for a virtual account wherein the virtual account payment card can be electronically scanned and authenticated in the same or similar manner as that used for a debit card and wherein a transaction using said card is authorized and settled in the same or similar manner as a debit card transaction (Levine: col. 2, lines 6-58). Levine does not disclose the virtual account: being recharged from time-to-time by transferring a monetary amount to an issuer or trustee for increasing the balance amount of the virtual account and wherein the virtual account may be credited to increase the balance in response to merchant refunds and adjustments or generating additional virtual accounts and aggregating all suck virtual accounts for an issuing bank into a single trust account or similar account from which all transactions executed with the method are paid.

19.   However, Levine does not disclose: an "account which is accessible by the trustee and responsive to a monetary remittance from the cardholder", where the payments configured around a trust account mechanism. Canney discloses a method and system for making payments via a debit card and these payments are configured around a trust account:

k.   the trust account configured with an associated repository of capital

sufficient to disburse funds by said trustee equivalent to the cumulative balances

within the associated virtual accounts;

l.   immediately transferring any portion of a balance from the virtual account

of the user, as the trustee releases a level of funds from the trust account in

response to user directive, to render payment for executing the payment

transaction without creating a chargeback liability (col. 3, line 39 – col. 5, line 35).

It would have been obvious to one of ordinary skill in the art at the time of the

Applicant's invention to modify the payment system of Levine with the trust configuration

of Canney because it would have been another financial instrument to create the

payment system around.   Levine shows various financial instruments such as a

checking account, savings account or ATM set-up.   Using an additional financial

instrument would have opened up the system to new users that would want to make

payments from a financial instrument such as a trust account.

20.   In reference to claims 8-10, 26 and 30-32, Levine and Kolling disclose the virtual

account: being recharged from time-to-time by transferring a monetary amount to an

issuer or trustee for increasing the balance amount of the virtual account and wherein

the virtual account may be credited to increase the balance in response to merchant

refunds and adjustments (Kolling: col. 30, lines 30-49); and generating additional virtual

accounts and aggregating all such virtual accounts for an issuing bank into a single trust

account or similar account from which all transactions executed with the method are

paid (Kolling: col. 19, lines 5-24). It would have been obvious at the time of the invention to one of ordinary skill in the art to combine virtual payment account and card of Levine with the recharge and aggregate card functions of Kolling. The motivation would be to give the vitural account card user the ability to return items to the store and credit the card for the items. Additionally, the aggregate function will ease the use of the card when dealing with multiple accounts.

21.   However, Levine does not disclose: an "account which is accessible by the trustee and responsive to a monetary remittance from the cardholder", where the payments configured around a trust account mechanism. Canney discloses a method and system for making payments via a debit card and these payments are configured around a trust account:

      m.   the trust account configured with an associated repository of capital sufficient to disburse funds by said trustee equivalent to the cumulative balances within the associated virtual accounts;

      n.   immediately transferring any portion of a balance from the virtual account of the user, as the trustee releases a level of funds from the trust account in response to user directive, to render payment for executing the payment transaction without creating a chargeback liability (col. 3, line 39 – col. 5, line 35).
It would have been obvious to one of ordinary skill in the art at the time of the Applicant's invention to modify the payment system of Levine with the trust configuration of Canney because it would have been another financial instrument to create the

payment system around. Levine shows various financial instruments such as a checking account, savings account or ATM set-up. Using an additional financial instrument would have opened up the system to new users that would want to make payments from a financial instrument such as a trust account.

22. In reference to claims 44-54, Levine discloses a payment method and system:

o. wherein said payment transaction comprises a payment made to a merchant, or a payment made in transferring funds into another virtual account;

p. wherein said transferring of funds is performed without the need of receiving authorization from the cardholder associated with said virtual account to which the payment is transferred;

(col. 1, line 21 – col. 2, line 46);

q. wherein said virtual account is configured for being recharged to a higher fund level in response to performing a monetary transfer into said trust account;

(col. 1, line 21 – col. 2, line 46);

r. further comprising issuing and activating said virtual account payment card for said virtual account;

s. wherein: a virtual account number is printed or embossed on said virtual account payment card; and the virtual account number is encoded on a magnetic stripe on the card;

t.   wherein said virtual account can be depleted through one or more transactions for which the virtual account payment card is used as the source of payment for executing transactions with a merchant;

u.   wherein said virtual account can be depleted through one or more transfers for which the virtual account payment card is utilized as a source of funds to facilitate a funds transfer to another virtual account;

v.   wherein redeeming said virtual account by the cardholder results in remuneration of the cardholder with a monetary value equivalent to a virtual account balance

w.   wherein said virtual account can be recharged from time-to-time by transferring a monetary amount to an issuer or trustee for increasing the balance amount of the virtual account; and wherein the virtual account may be credited to increase the balance in response to merchant refunds and adjustments;

(col. 2, lines 6-46; col. 2, line 47 – col. 3, line 1).

x.   wherein said virtual account payment card can be electronically scanned and authenticated through the existing payment card infrastructure; and wherein a transaction using said card is authorized and settled through the existing payment card infrastructure;

y.   wherein said virtual account is held anonymously by said user as cardholder

(col. 2, lines 6-46; col. 2, line 47 – col. 3, line 1).

23.   Levine does not disclose incrementing the existing virtual account balance in response to transfers made to the virtual account payment card and recharging the virtual account. However, Kolling discloses incrementing the existing virtual account balance in response to transfers made to the virtual account payment card and recharging the virtual account (col. 30, lines 30-49). It would have been obvious at the time of the invention to one of ordinary skill in the art to combine the method for performing monetary transactions with a virtual account of Levine with the transfer ability of Kolling. The motivation would be to give the card user the ability to increase the value of the card for future use.

24.   Additionally, Levine does not disclose the payments configured around a trust account mechanism. Canney discloses a method and system for making payments via a debit card and these payments are configured around a trust account. It would have been obvious to one skilled in the art at the time of the invention to have a payment system of Levine, which was constructed around a trust configuration as in Canney. This would have been another financial instrument to create the payment system around. Levine shows various financial instruments such as a checking account, savings account or ATM set-up. Using an additional financial instrument would have opened up the system to new users that would want to make payments from a financial instrument such as a trust account.

Conclusion

25.   Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jocelyn Greimel whose telephone number is (571) 272-3734. The examiner can normally be reached Monday - Friday 8:30 AM - 4:30 PM EST. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer, can be reached at (571) 272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

26.   Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system.   Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Jocelyn Greimel
Examiner, Art Unit 3693
December 22, 2006